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SW-03575A-04-0767

W-03576A-04-0767

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 Jeff Hatch-Miller, Chairman

4 William A. Mundell

5 Marc Spitzer

6 Mike Gleason

7 Kristin K. Mayes

8 IN THE MATTER OF THE APPLICATION OF
9 PALO VERDE UTILITIES COMPANY FOR AN
10 EXTENSION OF ITS EXISTING CERTIFICATE
11 OF CONVENIENCE AND NECESSITY.

Docket No. SW-03575A-04-0767

12 IN THE MATTER OF THE APPLICATION OF
13 SANTA CRUZ WATER COMPANY FOR AN
14 EXTENSION OF ITS EXISTING CERTIFICATE
15 OF CONVENIENCE AND NECESSITY.

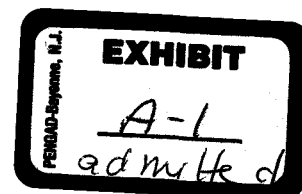
Docket No. W-03576A-04-0767

16 **PRE-FILED DIRECT TESTIMONY OF**

17 **TREVOR HILL**

18 **REGARDING PERFORMANCE BONDS**

19 **July 8, 2005**



PRE-FILED DIRECT TESTIMONY OF TREVOR HILL

Q: Please state your name and business address.

A: My name is Trevor Hill. My business address is 22601 North 19th Avenue, Suite 210, Phoenix, Arizona.

Q: By whom are you employed and what is your position?

A: I am the President and CEO of Global Water Resources LLC ("GWR"), which owns and manages Palo Verde Utilities Company, LLC ("Palo Verde") and Santa Cruz Water Company, LLC ("Santa Cruz").

Q: Is your educational background and work experienced summarized in Attachment "A" to your Direct Testimony

A. Yes, it is.

Q: Why are you filing this testimony?

A: During the Arizona Corporation Commission's ("Commission") Open Meeting on May 3, 2005 regarding Palo Verde and Santa Cruz's request for an extension of their CC&N, questions were raised regarding the need for maintaining the substantial bond required under Commission Decision No. 67240 (September 23, 2004) and which were incorporated in the recommended opinion and order before the Commission. However, the recommended opinion and order was approved as written regarding the bond requirement. Subsequent to the Open Meeting, Commissioner Spitzer filed a letter on May 10, 2005 in the dockets requesting the Hearing Division issue a Procedural Order to consider the merits of his proposal to reduce the bond requirement term from five years to two. On May 12, 2005, Chairman Hatch-Miller and Commissioner Mundell each filed a letter in the dockets responding to Commissioner Spitzer's letter. Chairman Hatch-Miller agreed with Commissioner Spitzer's proposal to reduce the term from five to two years, but stated that

1 he thinks they should discuss the merits of the proposal at a future Commission Staff
2 ("Staff") meeting. Commissioner Mundell stated that he believes it is appropriate to re-
3 evaluate whether the bond requirement is indeed in the public interest, but that the
4 Commission must hold an evidentiary hearing prior to the Commission taking action to
5 modify the bond requirement. He suggested the Hearing Division issue a Procedural Order
6 establishing a discovery and briefing schedule, and that the parties present evidence to
7 support their respective positions. I am informed that during the May 17, 2005 Staff
8 meeting, the Commission voted to direct the Hearing Division to issue a Procedural Order
9 scheduling an evidentiary hearing. In a Procedural Order issued June 2, 2005, Assistant
10 Chief Administrative Law Judge Dwight D. Nodes ordered that a hearing be scheduled for
11 July 20, 2005 and directed the parties to file testimony regarding their respective positions
12 no later than July 8, 2005.

13
14 Q: What is the purpose of your testimony in this proceeding?

15 A: The purpose of my testimony is to provide a brief history of the bond requirement for Palo
16 Verde and Santa Cruz and to explain that the reasons for the bond requirement no longer
17 exist. I also discuss additional reasons why the bond requirement should be eliminated or
18 reduced.

19
20 **History of the Bond Requirement.**

21 Q: What was the original bond requirement?

22 A: Originally, the Commission required Palo Verde and Santa Cruz to obtain performance
23 bonds in the amounts of \$118,000 and \$82,000, respectively, as a condition of being
24 granted the CC&Ns in Decision No. 61943.
25
26
27

- 1 Q: Why was the bond requirement a condition of the Commission granting the CC&Ns?
- 2 A: The Commission expressed concern that Palo Verde and Santa Cruz were start-up utilities
- 3 and that neither the utilities nor Mr. Reinbold, the former President of the utilities, had any
- 4 prior experience in operating a public utility.
- 5
- 6 Q: Was the performance bond requirement ever modified by the Commission?
- 7 A: Yes. The performance bonds were modified in Decision No. 66394 and again in Decision
- 8 No. 67240.
- 9
- 10 Q: How did the Commission modify the bond requirement in Decision No. 66394?
- 11 A: In Decision No. 66394, the Commission ordered Palo Verde and Santa Cruz to put in place
- 12 increased performance bonds in a total amount of \$500,000 each.
- 13
- 14 Q: Why did the Commission order the performance bonds be increased in Decision No.
- 15 66394?
- 16 A: The Commission stated that the increased bonds were to provide additional assurance that
- 17 customers will be protected. The Commission's chief concern was that Palo Verde and
- 18 Santa Cruz's operations could be affected by a \$61 million civil judgment entered against
- 19 Mr. Reinbold in Oregon. The Commission also continued to be concerned with the limited
- 20 experience of Mr. Reinbold and the utilities. Additionally, the Commission noted that Palo
- 21 Verde and Santa Cruz had initially failed to comply with the performance bond
- 22 requirement in Decision No. 61943, which resulted in the utilities having to seek a
- 23 retroactive reinstatement of their CC&Ns.
- 24
- 25 Q: Is Mr. Reinbold still involved with Palo Verde or Santa Cruz?
- 26 A: No. GWR purchased all of the ownership interest in Palo Verde and Santa Cruz from
- 27 Phoenix Capital Partners and Phoenix Utility Management in a transaction that closed

1 February 2, 2004. Mr. Reinbold resigned and no longer has any interest in or control over
2 the operations of Palo Verde or Santa Cruz.

3
4 Q: Since the initial failure noted by the Commission in Decision No. 66394, has either Palo
5 Verde or Santa Cruz failed to comply with the performance bond requirement?

6 A: Since GWR purchased them, neither Palo Verde nor Santa Cruz have failed to meet the
7 performance bond requirement. In fact, Palo Verde and Santa Cruz have fully complied
8 with all of the Commission's conditions set forth in the CC&N decisions.

9
10 Q: Earlier you mentioned that the Commission also modified the bond requirement in
11 Decision No. 67240. What changes did the Commission make to the bond requirement in
12 Decision No. 67240?

13 A: The bond requirement set forth in Decision No. 66394 was initially modified pursuant to a
14 settlement agreement entered into between Staff, Palo Verde, Santa Cruz and GWR as part
15 of a proceeding to extend Palo Verde and Santa Cruz's CC&Ns. The settlement agreement
16 provided for an increase in the performance bonds from \$500,000 each to \$750,000 each.
17 It also provided that the bonds were to remain in place for a minimum of two years. In
18 Decision No. 67240, the Commission adopted the settlement agreement; however, it
19 extended the length of the bond term from two years to five.

20
21 Q: Why did the Commission extend the bond period?

22 A: According to Decision No. 67240, the Commission thought it was necessary to ensure
23 sufficient customer protections.

24
25 Q: Why did the Commission believe it needed to extend the bond period?

26 A: Apparently, the Commission relied upon statements made in Staff's Supplemental Report.
27 However, GWR believes that Staff's Supplemental Report gave the Commission an

unbalanced, incomplete and inaccurate view of GWR's technical and managerial capabilities and experience. The Report focused on two of the most challenging projects encountered by Hill, Murray & Associates ("HMA"), an entity previously operated by three of the principals in GWR—myself, Mr. Commandeur, and Mr. Symmonds—without also showing the numerous successful projects HMA had completed. The Report's omission of key facts and reliance on unsubstantiated hearsay allegations and biased engineering reports could lead one to erroneously conclude that HMA failed to properly perform its duties.

Q: Have you previously addressed the issues with these projects?

A: Yes. I provided substantial detail on each of the projects in my direct pre-filed testimony dated May 14, 2004 ("direct testimony") and in my supplemental direct pre-filed testimony dated July 13, 2004 ("supplemental testimony"), filed in Docket Nos. SW-03575A-03-0586 and W-03576A-03-0586. My supplemental testimony rebutted many of the allegations contained in the Supplemental Report and provided a more complete picture of HMA's technical and managerial experience.

Q: Subsequent to the Open Meeting resulting in Decision No. 67240, has GWR done anything further to address the Commission's concerns about its technical and financial ability to provide service?

A: The principals of GWR have met with Commission Staff and the Commissioners to provide additional information about GWR's operations and GWR's financial and technical ability to provide quality utility service. GWR believes that it has developed a productive working relationship with the Commission.

Additional Reasons the Bond Requirement Should be Eliminated

Q: Why do you think the performance bond requirement should be eliminated?

A: Many reasons. First, I think Palo Verde and Santa Cruz have a demonstrated history of providing quality service to their customers. The initial concerns the Commission expressed regarding Palo Verde and Santa Cruz's inexperience have not come to fruition. The previous inexperienced owners no longer operate the companies. The financial risks associated with the previous owners no longer exist. Now, under GWR's managerial and technical guidance, Palo Verde and Santa Cruz have continued to expand to meet the growing needs of its service area while maintaining the high quality of service their customer have come to expect. We believe our track record -- over the eighteen months that GWR has owned and operated the utilities -- demonstrates our ability to meet the financial and technical challenges presented by the extraordinary growth in our service area.

Second, Palo Verde and Santa Cruz are now locally owned and operated by GWR, which is 100% investor managed. Our customers benefit from having the management and owners located in the same area as Palo Verde and Santa Cruz because we stay involved in the day to day operations and can quickly resolve any issues that may arise and identify areas that can be improved to better serve the changing needs of our customers. Additionally, because we are local, we understand the unique environmental needs of Arizona.

Third, Palo Verde and Santa Cruz have highly skilled utility personnel that GWR values and makes significant efforts to retain. By keeping Palo Verde and Santa Cruz's utility personnel in place, GWR ensures that customers will benefit from their knowledge.

Fourth, GWR is extremely well capitalized to provide needed infrastructure and upgrades for Palo Verde and Santa Cruz. This allows modernization and preparation for the future

1 needs of customers at much lower costs, which in turn helps keep customer rates low and
2 also ensures the best technology is being used to keep the process efficient and cost
3 effective. The new ownership does not face the potential financial issues faced by the
4 previous owner.

5
6 Finally, as noted above, Palo Verde and Santa Cruz have met and continue to meet all of
7 the conditions imposed by the Commission as well as other regulatory bodies.

8
9 Q: Commissioner Mundell indicated that he would like to hear evidence on the conduct of
10 Palo Verde and Santa Cruz since the establishment of the bond. What have GWR, Palo
11 Verde and Santa Cruz done since the Commission established the bond requirement?

12 A: GWR, Palo Verde, and Santa Cruz have engaged in a variety of activities to benefit its
13 customers and to serve the public interest. I'll just provide a few examples of what GWR,
14 Palo Verde and Santa Cruz have done since Decision No. 67240.

15
16 First, GWR, at the request of Commission Staff, GWR agreed to be appointed to act as the
17 interim manager of Sabrosa Water Company ("Sabrosa"). GWR is assisting the residents
18 of this small community after Sabrosa's owner abandoned the utility. GWR has assessed
19 the problems with the Sabrosa operation and have taken proactive steps to reduce or
20 eliminate the circumstances that have led to Sabrosa's current operational difficulties. That
21 appointment also recognizes GWR's technical and managerial skills and ability to address
22 challenging issues.

23
24 Second, GWR has also taken steps towards its goal of providing environmentally
25 responsible water and wastewater services. For example, in an effort to help reduce
26 dependence on potable water sources, GWR now requires developers to use reclaimed
27

1 water for all outdoor uses and plans to broaden the use of reclaimed water on a regional
2 basis.

3
4 Third, Palo Verde and Santa Cruz have continued to engage in community outreach to keep
5 their customers informed of developments and to educate them on ways to conserve water.
6 For the convenience of our customers, we recently added two new ways for them to pay
7 their bills. We added an automatic debit program that customers can register for to pay
8 their monthly bill automatically. We also added the ability for customers to pay their bill
9 online with their credit card for a nominal fee.

10
11 Q: Anything else you would like to add?

12 A: GWR remains committed to finding ways to provide better service to our customers from
13 both the operation and administration level. A review of Palo Verde and Santa Cruz's
14 operations this past year confirms that GWR has the financial, managerial and technical
15 experience necessary to ensure customers are sufficiently protected. GWR will continue
16 investing in and improving the regulated water and wastewater companies it owns and to
17 the preservation of Arizona's precious water resources. The performance bond
18 requirement simply is unnecessary.

19
20 Q: Does this conclude your direct testimony?

21 A: Yes.
22
23
24
25
26
27

BEFORE THE ARIZONA CORPORATION COMMISSION

JEFF HATCH-MILLER
Chairman
WILLIAM A. MUNDELL
Commissioner
MARC SPITZER
Commissioner
MIKE GLEASON
Commissioner
KRISTIN K. MAYES
Commissioner

IN THE MATTER OF THE APPLICATION OF)
PALO VERDE UTILITIES COMPANY)
FOR AN EXTENSION OF ITS CERTIFICATE)
OF CONVENIENCE AND NECESSITY)
_____)

DOCKET NO. SW-03575A-04-0767

IN THE MATTER OF THE APPLICATION OF)
SANTA CRUZ WATER COMPANY)
FOR AN EXTENSION OF ITS CERTIFICATE)
OF CONVENIENCE AND NECESSITY)
_____)

DOCKET NO. W-03576A-04-0767

DIRECT

TESTIMONY

OF

BLESSING NKIRUKA CHUKWU

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

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LEGAL DIV.
ARIZ. CORPORATION COMMISSION

JULY 8, 2005



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EXECUTIVE SUMMARY
PALO VERDE AND SANTA CRUZ
DOCKET NOS. SW-03575A-04-0767 AND W-03576A-04-0767

This testimony provides Staff's position as ordered by the June 2, 2005 Procedural Order regarding the performance bond requirement imposed on Palo Verde Utilities Company, L.L.C. ("Palo Verde") and Santa Cruz Water Company L.L.C. ("Santa Cruz") (collectively referred to as "The Utilities") by Decision No. 67240 (September 23, 2004) and Decision No. 67830 (May 5, 2005).

Staff's position remains the same as was recommended in the May 28, 2004 Supplemental Staff Report; which was subsequently adopted and clarified in the July 19, 2004 Settlement Agreement entered into with the Utilities and GWR, in which the Utilities and GWR agreed to Staff's recommendations. The ultimate obligation of the Commission is to protect the public interest. To that end, Staff believes that the imposition of the performance bonds with a total value of \$750,000 for each system for a period of at least two years from the effective date of Decision No. 67240; the requirement for the maintenance of the bonds until such time as the Commission approves a reduction request; and the requirement to provide evidence on a quarterly basis of the maintenance of the required performance bonds by filing of a letter of bond confirmation are reasonable conditions, to ensure the Utilities are conducting their business operations in a manner which will not compromise the interest of the customers.

1 **Introduction**

2 **Q. Please state your name, business address, by whom and where you are employed**
3 **and in what capacity.**

4 A. My name is Blessing Nkiruka Chukwu. My business address is 1200 West Washington
5 Street, Phoenix, Arizona 85007. I am employed by the Utilities Division ("Staff") of the
6 Arizona Corporation Commission ("ACC" or "Commission") as an Executive Consultant
7 III.

8
9 **Q. Please describe your educational and professional background.**

10 A. I received a B.Sc. in Accounting and a M.B.A. in Finance from the University of Central
11 Oklahoma. I was employed for over eight years by The City of Oklahoma City ("City")
12 in various capacities. For approximately eight years of my employment with the City, I
13 was an Administrative Aide with the responsibility of overseeing the various
14 Environmental Protection Agency's mandates on Stormwater Quality within the
15 Corporate City limits. Prior to being an Administrative Aide, I was a Budget Technician
16 where I was responsible for reviewing, analyzing, and recommending budget requests
17 and/or proposed budget, fund transfers, appropriations and/or any other budget related
18 issues proposed by assigned departments. Prior to joining the Commission, I was
19 employed by the Oklahoma Corporation Commission ("OCC") for five years in the
20 Public Utility Division, where I held various Public Utility Regulatory Analyst positions
21 of increasing responsibilities. My responsibilities at the OCC included processing of
22 applications consisting of rates and charges, streamline tariff revisions and requests for
23 Certificates of Convenience and Necessity filed by local exchange telecommunications
24 companies, payphone providers, resellers, and operator service providers. I also reviewed
25 mergers and acquisitions, Interconnection Agreements (including Arbitrations), and

1 performed special projects as requested by the Director of Public Utility Division and/or
2 the Commissioners.

3
4 **Q. How long have you been employed with the ACC?**

5 A. I have been employed with the ACC since May 27, 2003.
6

7 **Q. What are your responsibilities as an Executive Consultant III?**

8 A. I perform special projects for the Director's Office which include, but are not limited to,
9 serving on the case teams; development of policies and procedures for appropriate
10 regulatory oversight of public utilities; and writing Staff Reports and Testimony.
11

12 **Q. Have you testified previously before this Commission?**

13 A. Yes, I have testified before this Commission.
14

15 **Q. What is the purpose of your testimony?**

16 A. The purpose of my testimony is to provide Staff's position as ordered by the June 2, 2005
17 Procedural Order regarding the performance bond requirement imposed on Palo Verde
18 Utilities Company, L.L.C. ("Palo Verde") and Santa Cruz Water Company L.L.C.
19 ("Santa Cruz") (collectively referred to as "The Utilities") by Decision No. 67240
20 (September 23, 2004) and Decision No. 67830 (May 5, 2005).
21

22 **Q. Please describe Palo Verde and Santa Cruz.**

23 A. Palo Verde and Santa Cruz are Arizona Limited Liability Companies ("LLCs"), in good
24 standing with the Commission's Corporation Division, and engaged in providing
25 wastewater and water utility services, respectively, in portions of Pinal County, Arizona.

1 The Utilities are wholly-owned subsidiaries of Global Water Resources, LLC ("GWR").
2 GWR is a utility holding company, formed as an LLC, and is engaged in the business of
3 acquiring utility companies. GWR's subsidiaries provide utility service to over 10,000
4 customers in Arizona.

5
6 **Background**

7 **Q. Would you please describe the procedural history of the imposition of the**
8 **performance bond?**

9 A. On August 18, 2003, the Utilities jointly filed an application in Docket Nos. SW-
10 03575A-03-0586 and W-03576A-03-0586 seeking to extend their Certificates of
11 Convenience and Necessity ("CC&N") to various specified areas in Pinal County,
12 Arizona. On February 5, 2004, the Utilities disclosed, through a Monthly Status Report
13 filed pursuant to Decision No. 66394 (October 6, 2003), that Mr. Michael Reinbold had
14 resigned as the president of the Utilities, and that GWR had acquired 100 percent of the
15 Utilities' membership interests. On March 30, 2004, the Commission discussed the
16 Recommended Opinion and Order on the extension request and directed the Hearing
17 Division to conduct additional hearings regarding GWR's structure and qualifications.
18 Subsequently, a Procedural Order was issued on March 31, 2004, requiring GWR to file,
19 "at a minimum, the structure and qualifications of GWR, underlying ownership interests
20 of other individuals companies, willingness to abide by reasonable ongoing oversight of
21 GWR and the Utilities' operations, and other relevant issues related to the ownership and
22 operations of Palo Verde and Santa Cruz." On April 14, 2004, the Utilities filed their
23 testimony addressing the organizational structure and qualifications of GWR and on
24 April 28, 2004, the Utilities filed articles of amendment to the LLCs naming Mr. Trevor
25 Hill as the President and manager for the Utilities. On April 30, 2004, Staff met with Mr.

1 Hill, President of the Utilities and informed him of Staff's concern that GWR/Utilities'
2 April filing was non-responsive to a number of issues Staff had discovered in the course
3 of reviewing GWR's acquisition of the LLC membership interests in the Utilities per the
4 instruction of the Commission. Staff's review of GWR found that three of the principals
5 in GWR, Mr. Trevor Hill, its President, Mr. Leo Commandeur, the Secretary and
6 Treasurer, and Mr. Graham Symmond, its Vice President of Compliance, had all been
7 previously associated with Hill, Murray and Associates, ("HMA") a wastewater facilities
8 design and build firm based in Vancouver, Canada. HMA was responsible for the
9 construction of two problematic treatment plants in Powell River British Columbia and
10 Iqaluit, Nunavut. The same individuals were later employed by Algonquin Water
11 Resources, and left its employment at the same time, in the fall of 2003. Staff informed
12 Mr. Hill of its findings and requested he address the issues in the docket. On May 14,
13 2004, the GWR/Utilities filed the testimony of Mr. Hill and Ms. Cindy Liles addressing
14 among other things, Mr. Hill's history in HMA. In order to provide assurance that
15 customers will be protected, Staff recommended in its May 28, 2004 Supplemental Staff
16 Report and clarified in a Settlement Agreement between the Utilities, GWR, and Staff on
17 July 19, 2004, among other things, that Palo Verde and Santa Cruz be required to each
18 post performance bonds with a total value of \$750,000 for each system and maintain the
19 said bond for a period of at least two years and maintain the bonds until such time as the
20 Commission approves a reduction request. On September 23, 2004, the Commission
21 issued Decision No. 67240, which authorized the Utilities to extend their service
22 territories to include approximately 600 acres consistent with the associated conditions
23 required by the Commission. The conditions included, among other things, a
24 requirement for the Utilities to increase their current performance bonds to \$750,000
25 each, maintain such bonds for a minimum of five years, and to provide evidence on a

1 quarterly basis of the maintenance of the required performance bond by filing of a letter
2 of bond confirmation. The Commission further required the Utilities to submit quarterly
3 reports documenting compliance with all Arizona Department of Environmental Quality
4 ("ADEQ"), Arizona Department of Water Resources ("ADWR"), and Commission
5 requirements. The Commission also required GWR, the Utilities' parent company, to file
6 an Acquisition Schedule describing each acquisition GWR makes in a utility. The
7 Utilities and GWR were also ordered to notify the Commission of any proposed change
8 in the ownership of their membership interests (including transfer or additional
9 memberships), prior to execution, through filing of a Notice of Intent (which indicates the
10 filing is made pursuant to Decision No. 67240). On January 27, 2005, the Utilities filed
11 Proof of Performance Bonds ("Proof") in compliance to Decision No. 67240. On May 9,
12 2005, the Commission issued Decision No. 67830, in Dockets Nos. SW-03575A-04-0767
13 and W-03576A-04-0767, which authorized the Utilities to extend their service territories
14 to include approximately 5,000 acres consistent with the associated conditions required
15 by the Commission. The conditions included, among other things, a requirement for the
16 Utilities to maintain their current performance bonds of \$750,000 each until at least
17 September 23, 2009, (five years from the effective date of Decision No. 67240) and to
18 provide evidence on a quarterly basis of the maintenance of the required performance
19 bond by filing of a letter of bond confirmation. During the discussions of Docket Nos.
20 SW-03575A-04-0767 and W-03576A-04-0767 at the Commission's May 3, 2005 Open
21 Meeting, questions were raised regarding the need for maintaining the \$750,000
22 performance bond by the Utilities. By a Procedural Order issued on June 2, 2005, Staff
23 was directed to file the instant testimony regarding its position on the performance bond
24 requirement.

1 **Q. Have the Utilities posted performance bonds as required by Decision No. 67240?**

2 A. Yes, as mentioned above, on January 27, 2005, the Utilities filed Proof of Performance
3 Bonds in compliance to Decision No. 67240. The Proof included riders increasing the
4 bonds issued by Travelers Casualty and Surety Company of America from \$368,000 to
5 \$750,000 for Palo Verde (Bond No. 104367406) and from \$332,000 to \$750,000 for
6 Santa Cruz (Bond No. 104367407).

7
8 **Staff's Position**

9 **Q. What is Staff's position on the performance bond requirement?**

10 A. Staff's position remains the same as was recommended in the May 28, 2004
11 Supplemental Staff Report; which was subsequently adopted and clarified in the July 19,
12 2004 Settlement Agreement entered into with the Utilities and GWR, in which the
13 Utilities and GWR agreed to Staff's recommendations. The ultimate obligation of the
14 Commission is to protect the public interest. To that end, Staff believes that the
15 imposition of the performance bonds with a total value of \$750,000 for each system for a
16 period of at least two years from the effective date of Decision No. 67240; the
17 requirement for the maintenance of the bonds until such time as the Commission
18 approves a reduction request; and the requirement to provide evidence on a quarterly
19 basis of the maintenance of the required performance bonds by filing of a letter of bond
20 confirmation are reasonable conditions, to ensure the Utilities are conducting their
21 business operations in a manner which will not compromise the interest of the customers.

1 **Q. Is there any additional information that Staff would like to bring to the Court's**
2 **attention?**

3 **A. Yes. According to the Utilities Division Compliance Section, the Utilities have no**
4 **outstanding ACC compliance issues.**

5
6 **Q. Does this conclude your direct testimony?**

7 **A. Yes, it does.**